



Foreign Agricultural Service

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Korea

Fresh Potatoes

Fresh Potato Market Prospect 2000

Approved by: **William L. Brant**
U.S. Embassy, Seoul

Prepared by: Kim, Yong Ja / Michael T. Henney

Report Highlights

Korea's seasonal window for fresh potato imports, January-May, has opened to high expectations as market prices will rise significantly during the first quarter. Low domestic stocks, strong steady demand in the processed food sector and an absence of two major competitors is a recipe spelling market opportunity for U.S. suppliers.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Seoul[KS1], KS

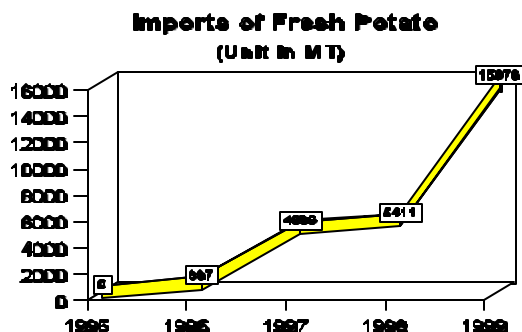
Executive Summary

Adverse late summer weather destroyed up to 6 percent of Korea's 1999 potato harvest which totaled 649,000 MT. In recent years, weather and imperfect market signals have left the Korean potato industry faced with a crop either too large (731,000 MT in 1996), or too small (489,000 MT in 1994).

To compensate for the 1999 short crop, the Agricultural Fishery Marketing Corporation (AFMC), a quasi-governmental organization that manages Korea's fresh potato quota, allocated the full CY 2000 potato quota amount, 15,466 MT, in mid-December for February-April delivery. Old crop stocks are projected to be exhausted by early February 2000. New crop - greenhouse production - should come on-line in April.

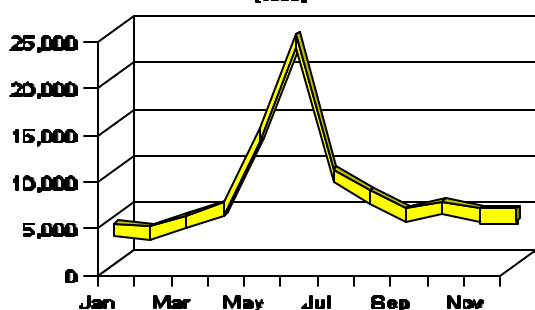
Market expectations are for high market prices by February/March resulting from the imbalance in fresh potatoes supplies, as occurred in CY 1999. Steady year-round demand for processed potatoes, primarily from the snack food sector, drives imports during the off-season. The potato chip industry, whose market expanded from 34.5 billion won (\$44 million) in 1995 to 64.4 billion won (\$55 million) in 1999, needs a steady supply of raw inputs if it is to achieve its 10 percent per annum growth projected for over the next five years.

Australia will be competing with the U.S. to supply Korea's potato requirements. In August 1999, revisions made to the implementation regulations for the Plant Protection Act now effectively prohibit fresh potato sourced from China or Mongolia from entering the Korean market.

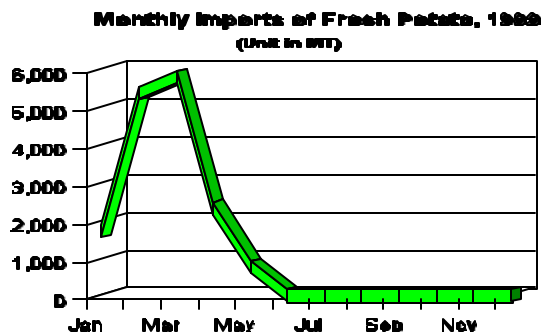


Note: Imports were banned prior to 1995

Source: Korea Trade Information Services

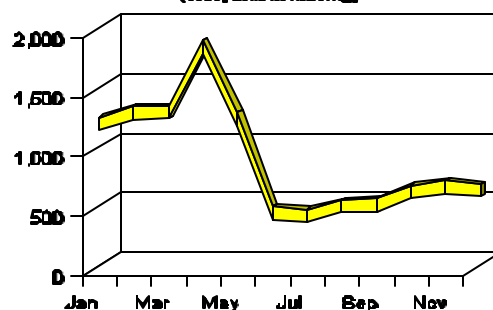


Source: Karak Wholesale Market



Source: Korea Trade Information

Services



Source: AFMC survey